

NOMINATION AND REMUNERATION POLICY

1. Introduction:

In terms of Section 178 of the Companies Act, 2013 and clause 49 of the listing agreement (as amended from time to time), this policy on Nomination and Remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management of Pune Smart City Development Corporation Limited has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors.

This policy shall act as guidelines on matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel and Senior Management.

2. Definitions:

In this policy unless the context otherwise requires

- a) Act means The Companies Act, 2013 and rules made thereunder, as amended from time to time.
- b) Company means Pune Smart City Development Corporation Limited.
- c) Board means Board of Directors of Pune Smart City Development Corporation Limited.
- d) Independent Director means a Director referred to in Section 149 (6) of The Companies Act, 2013 (read with clause 49 of the listing agreement).
- e) Committee means Nomination and Remuneration Committee of the Company as constituted by the Board from time to time.
- f) M&SS means Managerial & Superintending Staff of the Company.
- g) Key Managerial Personnel or KMP means Managing Director, Joint Managing Director, Whole-time Director, Chief Financial Officer, Company Secretary and such other persons who may be deemed to be KMP under the Companies Act, 2013.
- h) Senior Management Personnel means personnel of the Company comprising of all members of management one level below the executive directors including the functional heads. The designation and categories of such Personnel will be determined by the Company based on the functional and reporting structure.
- i) ASR means Annual Salary Review.
- j) SLx means Salary Level.

The policy amended w.e.f. December 4, 2017.

The words and expressions used but not defined herein, but defined under the Companies Act, 2013 shall have the meaning assigned therein.

3. Constitution of the Nomination and Remuneration Committee:

The Board has the power to constitute / reconstitute the Committee from time to time in order to make it consistent with PSCDCL policies and applicable statutory requirements. At present, the Nomination and Remuneration Committee of the Company comprises of the following members:

- a) Mr. C N Dalvi, Chairman and Director
- b) Mr. S Padmanabhan, Independent Director
- c) Mr. Luis Miranda, Independent Director

Membership of the Committee shall be disclosed in the Annual Report. The terms of the Committee shall be continued unless terminated by the Board of Directors.

4. Key objectives of the Committee:

- a) To guide the Board in relation to the appointment and changes in Directors, Key Managerial Personnel and Senior Management including appointment of M&SS in KMP and Senior Management positions;
- b) To evaluate the performance of the Members of the Board and provide necessary report to the Board for further evaluation;
- c) To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management;
- d) To develop a succession plan for the Board and to regularly review the plan;
- e) To determine remuneration based on Company's financial position, trends and practices on remuneration prevailing in the industry;
- f) To retain, motivate and promote talent and to ensure long term sustainability of M&SS talent including KMPs & Senior Management Personnel and create competitive advantage; and
- g) Consider any other matters as may be requested by the Board.

5. Meetings:

The meeting of the Committee shall be held at regular intervals as deemed fit and appropriate.

The Company Secretary of the Company shall act as the Secretary of the Committee.

The Nomination and Remuneration Committee shall set up a mechanism to carry out its functions, any /all of its powers to any of the Executive / Whole-time Directors and/or Senior M&SS of the Company, as deemed necessary for proper and expeditious execution.

The Chairman of the Committee or in his absence any other member of the Committee authorized by him on his behalf shall attend general meetings of the Company.

6. Committee Members' interest:

a) A member of the Committee is not entitled to participate in the discussions when his/her own remuneration is discussed at a meeting or when his/ her performance is being evaluated

b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee

7. Effective Date:

This policy is effective from June, 2017

8. Appointment of Director, Key Managerial Personnel & Senior Management - Criteria & Qualification:

The appointment of Director, Key Managerial Personnel and Senior Management will be based on the outcome of strategic planning.

The recruitment process for selection to these categories of personnel commences after the approval of manpower requisitions by the appointing authority. Relevant approval of concerned is also obtained as part of the process, as deemed fit depending upon the level of hiring.

The Committee shall consider the standards of qualification, expertise and experience of the candidates for appointment as Director, Key Managerial Personnel and Senior Management and accordingly recommend to the Board his/her appointment.

9. Remuneration to Directors, Key Managerial Personnel, Senior Management Personnel and other employees:

a) The Key Managerial Personnel, Senior Management Personnel and other employees shall be paid remuneration as per the human resource (compensation and benefits) policy of the Company as revised through the Annual Salary Review process from time to time.

b) The Human Resource department will inform the Committee, the requisite details on the proposed increments for every cycle / process including payouts for the variable part (Performance Incentive).

The policy amended w.e.f. December 4, 2017.

c) The compensation structure will also be based on the market salary survey. The survey for total remuneration would be commissioned with external consultants. The Basket of Companies will be finalized by HR department after considering all the relevant aspects.

d) The composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate the Key Managerial Personnel and Senior Management of the quality required to meet high standards of performance. The relationship of remuneration to performance shall be clear and meet appropriate performance benchmarks. The Committee may review remuneration of identified senior management personnel from time to time.

e) Remuneration / Compensation to Non-Executive & Independent Directors:

Sitting Fees: The Non-executive Directors and Independent Directors of the Company are entitled to sitting fees as determined by Board from time to time for attending Board / Committee and ad-hoc meetings having relation to Company's business thereof in accordance with the provisions of Act.

Profit-linked Commission: Profit-linked commission may be paid within the monetary limit approved by the shareholders of the Company subject to the same not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Act. Profit linked commission would comprise of a fixed and variable component considering the overall performance of the Company, attendance at the meetings of Board / Committees, Membership / Chairmanship of Committees and responsibilities of Directors.

Other remuneration: Token fee could be paid to Independent Director for attending the adhoc meetings having relation to the Company's business in case of outstation meetings, expenses would be reimbursed for stay, boarding, tips etc.

All travel and stay arrangements for attending and any other expenses incurred for participating in all meetings of the Company including board and committee, would be borne by Company.

10. Policy on Board diversity:

The Board of Directors shall comprise of Directors having expertise in different areas / fields like Finance, Sales and Marketing, Banking, Engineering, etc. or as may be considered appropriate. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. The Board shall have a least one Board member who has accounting or related financial management expertise.

11. Appointments / Removals - amongst Directors, Key Managerial Personnel & Senior Management:

The Committee may recommend to the Board, changes in Board, Key Managerial Personnel or Senior Management Personnel, including confirmation of appointment as may be necessary from time to time subject to the provisions of the Act and applicable Company's policies i.e., Rules and Regulations of Service and Conduct for M&SS, Code of Business.

Conduct and Principles of legal compliance framed and adopted by the Company from time to time.

The Key Managerial Personnel and Senior Management Personnel shall superannuate as per the applicable provisions of the regulation and prevailing policy of the Company.

The Board will have the discretion to retain the Key Managerial Personnel and Senior Management Personnel in the same position / remuneration or revised remuneration after attaining the age of superannuation for organizational development reasons.

12. Amendments to the Nomination and Remuneration Policy:

The Board of Directors on its own and/or as per the recommendations of Nomination and Remuneration Committee can amend this policy, as deemed

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